GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5183
ANSWERED ON:25.04.2003
INDUSTRIAL PRODUCTION
VSM (RETD.) COL. CHOUDHARY;YOGI ADITYANATH

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the position of industrial production in the country during the last three years of Ninth Plan and first year of Tenth Plan, year-wise;

(b) whether there is sharp decline in industrial growth during the Ninth Plan period;

(c) if so, the comparative figures of industrial growth during Eighth and Ninth Plan period;

(d) the year-wise fall in industrial growth during the last three years;

(e) the main reasons leading to fall in industrial growth; and

(f) the effective measures taken/ proposed to be taken by the Government to give boost to industrial growth in the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI CH. VIDYA SAGAR RAO)

(a) to (e): There was a decline in industrial production during last two years of the Ninth Plan period. This decline was mainly due to poor monsoon, lack of demand and global economic slowdown. Industry, however, has shown recovery in the first year of the Tenth Plan registering a growth of 5.7 percent during April-February 2002-03 for which latest data is available. In the Eighth Plan industrial production was boosted by the delicensing of capacities and liberalization of the economy in 1991. Growth in the Ninth Plan was affected by the Asian financial crisis since July 1997 and the recessionary tendencies. The position of industrial production during Eighth, Ninth and first year of Tenth Plan period is given in the Table below:

Plan Period	Growth in industrial production (IIP)(Base Year: 1993-94=100)
Eighth Plan (1992-97)	7.3
1992-93#	2.3
1993-94#	6.0
1994-95	9.1
1995-96	13.0
1996-97	6.1
Ninth Plan (1997-2002)	5.0
1997-98	6.7
1998-99	4.1
1999-00	6.7
2000-01	5.0
2001-02	2.7
Tenth Plan (2002-07)	
2002-03 (April-February)	5.7

Base Year: 1980-81=100

(f): The Government has taken the following measures to boost industrial growth:

Measures announced in Union Budget 2003-04:

- The Government has announced several measures for improving infrastructure. These measures are targeted at modernizing and developing rail, road, airport, port and power sectors.

- The budget has sought to bolster the manufacturing sector by providing excise and customs duty reductions. This would strengthen recovery in the manufacturing sector.

- For the textile industry, the budget has proposed excise duty cuts to provide the industry an incentive to modernize while making garments cheaper for retail buyers.

- Customs duty on textile machinery and parts was reduced from 25% to 5% to encourage modernisation.

- Tax holiday extended for R&D efforts.

- Proposals relating to personal income tax such as removal of surcharge, rebates on education expenses and no levy of additional taxes would mean rise in personal disposable income of consumers, which may lead to further increase in demand.

Other measures:

- To improve the operating environment of the industry and to boost it`s competitiveness, the Government has enacted several laws, which include the Competition Act and amendments to SEBI Act.

- The RBI has cut Cash Reserve Ratio (CRR) to 4.75 per cent from 5.0 percent, a move that will ease the liquidity position further.

- The Electricity Bill has been introduced in Parliament for facilitating comprehensive power sector reforms.

- The EXIM policy 2003-04 seeks to consolidate on the areas of core competence It lays special focus on potential high growth sectors, namely, textiles, auto components, gems & jewellery, drugs & pharmaceuticals and electronics hardware.